

OGC 83-02508
25 March 1983

MEMORANDUM FOR: Stanley Sporkin
General Counsel

THROUGH:
Acting Chief, Legislation Division

FROM:
Legislation Division

SUBJECT: Defense Industrial Base Revitalization
Act (H.R. 2057)

1. Attached for your information is a copy of H.R. 2057, the Defense Industrial Base Revitalization Act, introduced earlier in the month and referred jointly to the House Banking Committee and the House Education and Labor Committee. The legislation is similar to the defense industrial base legislation which saw favorable action in the House last year, but died in the Senate, due largely to Administration opposition. The legislation will probably receive the same treatment this year, i.e., favorable House consideration, but unfavorable Senate consideration. If, as the Administration predicts, the economy recovers, the support in the House for enactment of the legislation may wane.

2. The legislation can be summarized as follows:

a. Industrial Modernization Assistance. The Bill directs the President to use loans, loan guarantees, price guarantees, purchase commitments, and federal borrowing authority to assist in the modernization of small and medium-sized U.S. businesses essential to the manufacture or supply of materials necessary for the national defense. With notification to Congress, the President may extend such assistance to larger U.S. businesses. The Bill also directs the President to provide similar assistance to U.S. businesses to expand domestic capacity to produce critical and strategic materials. The legislation authorizes appropriations of \$1 billion for each of fiscal years 1984 through 1988 to carry out these purposes.

b. Vocational Training Assistance. The Bill directs the President to implement a program of federal grants to State educational authorities for training of workers whose skills are in short supply in domestic defense-related industries, with States providing partial matching contributions. The legislation authorizes \$250 million for each of fiscal years 1984-88 for this program.

c. Professional Education Facilities Assistance. The Bill directs the President to implement a program of grants to institutions of higher learning for the acquisition of modern equipment for training professional, scientific, and technical personnel needed in defense-related industries. The legislation authorizes appropriations of \$100 million for each of fiscal years 1984 through 1988 for this program.

3. The legislation would also extend the extraordinary authorities provided in the Defense Production Act (DPA) (50 U.S.C. App. 2091 et seq.) through 1988. Currently, the Congress extends the DPA on an annual, or occasionally semiannual, basis. The long-term extension of the extraordinary authorities contained in the Act would be in the interest of defense agencies and, unlike the rest of the legislation, has Administration support.

STAT



Attachment

cc:



STAT

Distribution

Orig - adse

- 1 - LED File: Technology Transfer/Defense Industrial Base (98th Congress)
- 1 - OGC Signer
- 1 - DSA Signer